

basically it says that the keno tax that is going to the state, that is the state's share of the keno tax, would increase from 2 percent to 3 percent of gross proceeds. The tax is measured by gross proceeds. Currently the state's share is 2 percent. This amendment would increase the state's share to 3 percent. The amount of...and I should say quite clearly at the beginning that the result of this particular move will be to reduce the city's share of the keno take from approximately 9 percent to approximately 8 percent. I couldn't get figures on individual keno operations, but I do know that for last year as a group, as a whole the keno take by the cities was 9 percent of gross proceeds, so we're slightly reducing the cities proceeds and funneling 1 percent additional into the state funds. That is \$1.4 million based on all the reasonable estimates that the Department of Revenue could give us. Okay, now what do we do with the 1.4 million? We do two things. First of all, we divide the fund into two parts and we say that 50 percent of that money, 50 percent of that money or \$700,000 annually will go into the Campaign Finance Limitation Cash Fund until the fund reaches \$2 million and at that point it is capped. So in a matter of about three years that campaign finance fund will receive the amount of funds which by any reasonable estimate will be a sufficient threat to, in my opinion, preclude the expenditure of any public funds in this effort. Once you reach the \$2 million cap which again I think will be a one-time expenditure. The revenues then in excess of that \$2 million will spill over into the Drinking Water Source Quality Fund and that is the fund that will help subsidize the cost to the small towns of the tremendously increased federal testing requirements that will go into effect next year. Okay, what we've been talking about so far is 50 percent of the fund going into campaign-finance with the spillover into the water fund. Now the other 50 percent, the other \$700,000 is going directly into the Drinking Water Source Quality Fund so that for the first three years \$700,000 a year will be going into each of the two funds and then after that the drinking water fund will get additional money. So that is basically an explanation of what the amendment does. I have a great deal of additional information that is being passed out to you and which I hope I can comment upon eventually but I would like to give Senator Baack and Senator Bernard-Stevens, if they would so choose, an opportunity to join in the introduction of this amendment if they would like to do so. Senator Baack.

SENATOR HALL: Senator Baack, you have approximately four and a